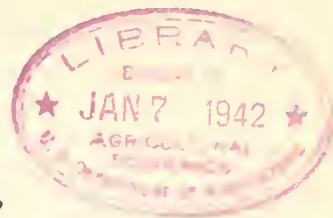


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Facts for NORTHEAST COMMITTEEMEN

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THE WAR GIVES US TWO JOBS --
WINNING IT AND THE PEACE AFTERWARD

We have two jobs on our hands in this country.

The first is to *win this war*. That is likely to call for efforts far beyond the powers of most of us to visualize yet, with about half our workers engaged in defense and nearly half our total income going into defense.

The second is to *take the steps that are necessary to make sure of a good peace after the war is over*. A good peace will provide for international justice and fair opportunity for every nation.

But a good peace must also assure that there will be no depression -- no substantial unemployment -- and a real opportunity for every American to earn a decent living in the years after the war.

This issue of *Facts* is used to discuss what we in agriculture need to do to keep that fair opportunity for farmers and to help the rest of the people of the country -- businessmen, laborers, professional people -- have their chance too.

We are doing this now for three reasons:

First, there isn't any too much time to get the issues thought out and the plans made. We lost at the end of the last war because we, as a people, hadn't thought ahead enough.

Second, there are a good many things that need to be done now and every day during the war to make it possible to prevent a business slump and farm disaster when it is over.

Third, we'll do our defense job better if we have the faith in the future that we can rightly have if we understand it and plan for it.

In this issue we reproduce a statement by Roy Kimmel, who is Chairman of the Interbureau Committee of the Department of Agriculture on Post Defense Planning, and some quotations from Mordecai Ezekiel. We can't cover much of the ground in one issue. There will be more later.

A. W. Manchester

Director, Northeast Region.

PREPARING OUR ECONOMY FOR THE POST-WAR "WORLD OF TOMORROW"

How can we plan for peace, in a world at war? We not only can -- we must, to make sure that this time the Democracies win both the war and the peace that comes afterward. And we must make those plans a part of the defense effort. Our farmers, laborers, businessmen, and armed forces will redouble their defense efforts now if they can look forward to the post-war period with assurance.

The farm program itself stands as proof that we can make successful plans without knowing the exact shape of the future.

A few years ago, when our problem was to get rid of farm surpluses, Henry Wallace pointed out that agricultural adjustment was a two-way road -- that our machinery to decrease production in time of surplus would also work to increase production in anticipation of shortage. We built up an ever-normal granary as insurance against unforeseen emergencies. And, thanks to the foresight of our farm leaders in planning an adjustment program that would meet any emergency, we are supplying Britain with the food she needs to carry on; whatever course the war may take we know that we will have no meatless days or wheatless days in America this time.

In much the same fashion, the Department of Agriculture is planning now for the end of the war without knowing when it will come or the exact shape or size of the problems that will follow.

The Interbureau Committee in charge of post-defense planning has worked out a grouping of the states into nine regions, each with a committee to head up post-war planning in that area. The committees, both in Washington and in the field, will have three main jobs: to lay out a program of useful rural works which will provide employment to persons in rural areas as needed; to keep abreast of all developments in industry, foreign relations and national economy which may affect agriculture in the post-war period; and to develop a program of rural welfare in such fields as health, housing and education-- broad enough to meet the needs of all rural people.

A recent publication of the National Resources Board gives us a rough indication of what the post-war problems may be. It estimates that if the war continues until 1944, we shall have around 60 million people employed, as compared to less than 48 million in 1939.

But 27 million, or nearly half the total, will be employed in national defense including 3.5 million in military service and 23.5 million in defense industries. Comparable figures for 1939 were 400 thousand in military service, and 2 million in defense industries. The national income in 1944 is estimated at 105 billion dollars of 1940 value; as compared to 69 billion dollars in 1939.

We shall not attempt here to discuss all the assumptions behind those estimates. But if they hold true and if the war should end in 1944, the United States would be faced with the task of transferring 23 to 26 million people from defense activities back to peacetime production.

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Whatever the number and whenever the time, our first and biggest post-defense job will be to reabsorb millions of defense workers in private, peacetime industry, and our goal should be to maintain full employment and a national income of at least 100 billion dollars all the while.

Our defense program today would not be one-half so far along if we had not had an M-day plan, worked out years in advance, for converting industrial plants to production of war goods in time of emergency. It will require just as careful advance preparation to work out "M-day" plans for a shift back to peacetime activity. Our greatest danger is that a longing for freedom from wartime controls and for a "return to normalcy" may again blind us to the problems involved.

We know today that public works will be needed after the war; we are trying to determine what volume will be necessary. We have to anticipate how much of our farm production should be adjusted to export markets and how much to domestic consumption. We believe it is possible to avoid a post-war depression if we plan for any eventuality. Our goal will be full employment, security, and a higher standard of living than we have ever known. We have the manpower and the skills and the resources to reach that goal within the framework of democracy. -- Roy I. Kimmel.

Figures cited are from "After Defense What,"
a pamphlet of the National Resources Board, August 1941.

"One thing I want to mention...is the necessity for farmers to keep their financial house in order. Now is the time to pay off debts. Now is the time to build up the farms rather than to buy somebody else's farm and go into debt for it. Now is the time to fortify for the future, not that I dread the future but because that is just good national policy as well as individual policy. I say national policy from the standpoint of building up the soil, from the standpoint of farmers' being in the position where they can safely guide themselves through drought or something else that might come along.

"I think that farm income during the next year is going to be several hundred million dollars higher than it was last year. I hope we don't get too bullish when we do have good prices and good income and break out in any kind of speculative land fever as we have in the past when prices got too high or when at least they became very favorable to farm operation. So let's always keep that word of caution before our farm people, keep on a sound financial basis. That is good advice any time, but now is the time really to put that sort of advice into effect."--Secretary Wickard before the National AAA Conference.
June 1941.

"It is not too much to say that everything we do now has an influence on the job of building a good peace. Each job we undertake can be done in a way that will make us better or worse prepared for the problems of peace. We can set the stage for prosperity or depression -- for the best and the finest living the world has known or for poverty and degradation -- by the way we handle our day-to-day jobs and the thinking we do now for the period ahead of us." -- A. W. Manchester.

AFTER HITLER -- THE BATTLE OF CONSUMPTION AND PRODUCTION

The following excerpts were taken from a recent article by Mordecai Ezekiel, economic adviser of the U. S. Department of Agriculture:

"Defense production is expanding our employment and production to peak levels. By the time Hitler is defeated we will have no idle men and no idle plants. Somewhere between a quarter and a half of our total national output will then be directed into defense needs. When those needs cease, we will have to find other outlets for our goods, other markets for our products.

"The problem we will face will be a double one. First, there will be the physical or structural problem of changing over from defense production to peace-time production, of shifting men and plants from ship-building to house-building, from munitions to fertilizers ...from heavy machine products to light consumers' goods.

The Conversion Problem

"Second, there will be the...financial problem of expanding the size of the market, so that peace-time outlets for goods increase as rapidly as defense expenditures contract. Unless we can maintain the markets for continued full production, we cannot go on producing as much as we did during war time, and defense expansion will be followed by the disastrous post-war contraction which many groups today regard as inevitable. If we are to prevent that catastrophe, we must prepare to move swiftly and positively when the time comes.

"Let us suppose that we could divert our defense factories from war goods to those of peace... Suppose we did solve all the technical and engineering problems of changing over from a 30-billion output of defense goods to a 30-billion output of goods for normal peace-time use. We would then be producing 110 billions' worth for peace instead of 80 billions for consumers and 30 billions for defense. What would happen then?

"According to these theories we would be able to produce 110 billions of peace-time goods but we would not be able to market them -- if private industry followed the same price, wage and profit practices it has followed heretofore in times of peace, if consumers used their incomes the same way they have heretofore, and if government followed the tax and expenditure policies of either the '20's or of the '30's...

Maintain Full Employment.

"The problem of keeping up full production on a peace-time basis thus resolves itself into a problem of maintaining markets in peace-time. It is technically possible to use all our productive powers making the things we need for ourselves (which we will send to other countries in exchange for things such as coffee, cocoa, and silk, which they will send back). Our consumptive needs are so great that we could easily consume all that we could produce. But we have not as yet devised a mechanism for making the market for goods and service keep pace with production -- except temporarily in time of defense or war."